
ABF HONG KONG BOND INDEX FUND

ABF香港創富債券指數基金

(Stock Code : 2819)

Announcements

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IMPORTANT

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ABF HONG KONG BOND INDEX FUND

ABF香港創富債券指數基金

(a Hong Kong unit trust authorized under section 104 of the Securities and Futures Ordinance
(Chapter 571 of the Laws of Hong Kong))
(Stock code: 2819)

Announcement

Publication of Supplement to the Prospectus

HSBC Investment Funds (Hong Kong) Limited, as the Manager of the Trust, would like to inform you that the Prospectus of the Trust has been updated on 26 November 2012 and a copy of the Supplement to the Prospectus dated 26 November 2012 (the “Supplement”) has been posted on the Trust’s web-site on 26 November 2012. Following is a summary of the update:

1. On page 3 of the Prospectus, the second full paragraph beginning with “HSBC” has been amended and restated to update HSBC Holdings plc’s indirect interest in the Index Provider. Please refer to the Supplement for details.
2. On page 43 of the Prospectus under the section headed “The Supervisory Committee”, the list of members of the Supervisory Committee has been amended and restated. Please refer to the Supplement for details.
3. On page 46 of the Prospectus, the first sentence of the first paragraph under the section headed “Index Provider” has been amended and restated to update HSBC Holdings plc’s indirect interest in the Index Provider. Please refer to the Supplement for details.
4. On page 53 of the Prospectus under the section headed “Taxation”, a new sub-section headed “Foreign Account Tax Compliance Act (FATCA)” has been inserted to disclose the policy adopted by the Trust in relation to FATCA. Please refer to the Supplement for details.
5. On page 53 of the Prospectus under the section headed “Anti-money Laundering”, a new paragraph has been inserted to disclose the policy adopted by the Trust in relation to sanctions issued by the Office of Foreign Assets Control of the US Department of the Treasury. Please refer to the Supplement for details.
6. On page 61 of the Prospectus, the whole “Appendix 1 - Underlying Index” has been amended and restated to update the top 10 largest constituent securities, methodology and information of the Trust’s Underlying Index. Following is a summary of the updates in Appendix 1:
 - (a) The section headed “Composition of the Underlying Index” has been amended and restated as follow:

“Composition of the Underlying Index

Only ~~government~~, sovereign and sub-sovereign debt (subject to certain credit rating requirements as determined by the Index Provider) are eligible for the Underlying Index.”

- (b) The top 10 largest constituent securities of the Underlying Index have been updated to reflect the composition as at 20 November 2012.
- (c) The section headed “Description of the index methodology” has been amended and restated as follow:

“Description of the index methodology

The following ~~seven~~^{five} criteria are used to derive the Underlying Index: (i) bond type; (ii) issuer type; (iii) issuer domicile; (iv) credit rating requirements and issuer classification; (viii) bond life at issuance; (iv) ~~vi~~ time to maturity; and (vii) amount outstanding.”

- (d) The section headed “Bond Type” has been amended and restated as follow:

“Bond Type

The following types of securities are eligible for inclusion in the Underlying Index: (i) fixed, zero coupon, compound coupon and step-up coupon bonds; and (ii) sinking funds and amortizing bonds with a fixed redemption schedule.

Securities with any of the following attributes are excluded from the Underlying Index: (i) bonds with embedded call or put options; (ii) floating rate notes and fixed-to-floater bonds; (iii) bonds with warrants; (iv) ~~convertibles securities~~; (v) undated bonds; ~~and~~ (vi) index-linked and credit-linked notes; and (vii) collateralized bonds.

Only bonds with predetermined cash flows are eligible for the Underlying Index.

Retail bonds are excluded from the Underlying Index.

Private placements that are only offered to a few select investors are excluded from the Underlying Index.

Collateralized bonds are excluded from the Underlying Index.

Bonds that are denominated in one currency but pay either the coupon or the principal in a different currency are not considered for the Underlying Index.”

- (e) The section headed “Ratings requirements and Issuer classification” has been renamed as “Issuer type”, and under such section:
 - i. The first paragraph of such section has been amended and restated as follow:

“Only ~~government~~, sovereign and sub-sovereign debt (subject to certain credit rating requirements) are eligible for inclusion in the Underlying Index.”

- ii. The paragraph “Collateralised bonds are excluded from the Underlying Index.” has been moved to the section headed “Bond Type” (please see (d) above).
 - iii. The following new paragraph has been inserted after the paragraph begin with “In principle, the business scope and ...”:

 “The issuer classification is reviewed regularly and issuers whose status has changed are included in the Underlying Index at the next re-balancing. Additional information documenting the classification decision is provided for quasi sovereigns that are unrated or where the rating differential between the sovereign and issuer is significant.”
 - iv. The last 5 paragraphs of this section have been reclassified to a new section headed “Credit rating” (please see (g) below), and a new section headed “Issuer domicile” has been inserted before the section headed “Credit rating” (please see (h) below).
- (f) Footnote number 10 has been amended and restated as follow:
- “¹⁰ The eight relevant EMEAP economies are: People's Republic of China, Hong Kong, Indonesia, South Korea, Malaysia, Philippines, Singapore and Thailand.”
- (g) The last 5 paragraphs of the section originally headed “Ratings requirements and Issuer classification” have been grouped under a new section heading “Credit rating” and have been amended and restated as follow:

“Credit rating

Domestic central government debt does not require a rating. In order to ensure high credit quality of the Underlying Index, most quasi-sovereign bonds need to be rated investment grade. Ratings from the following three credit rating agencies are considered: (i) Fitch Ratings; (ii) Moody's Investor Services; or (iii) Standard & Poor's Rating Services.

If a bond is rated by more than one credit rating agency, the average rating of all ratings is used. Investment grade is defined as BBB- or higher from Fitch and Standard & Poor's and Baa3 or higher from Moody's. The rating is consolidated to the nearest rating grade. Rating notches are not used.

Supranationals need to have at least AA- rating.

Unrated bonds or issuers from investment grade ~~marketcountries~~ are only eligible in the following quasi sovereign categories: (i) Government-guaranteed; and (ii) Financial agencies, provided it can be ascertained that the issuer has strong links to and support from the central government (e.g. a reduced risk weighting for the purpose of calculating capital adequacy ratio for commercial banks, senior government representation on the company board etc.). The decision whether to include unrated financial agencies is taken on a case-by-case basis.

Quasi sovereigns from sub-investment grade rated ~~marketcountries~~ are excluded from the Underlying Index unless they have an investment grade rating. The applicable sovereign debt rating is the best rating of the Fitch, Moody's and Standard & Poor's local currency debt ratings.”

- (h) The following new section headed “Issuer domicile” has been inserted before the section headed “Credit rating”:

“Issuer domicile

With the exception of supranationals, all issuers – or in the case of a finance subsidiary the issuers’ guarantor – need to be domiciled in one of the eight EMEAP markets: People's Republic of China, Hong Kong, Indonesia, South Korea, Malaysia, Philippines, Singapore and Thailand.”

- (i) The section headed “Classification review procedure” has been removed. The first paragraph under such section has been moved to the section headed “Issuer type” (please see (e)iii above).
- (j) The section headed “Limit on the number of issues per quasi-government issuer” has been renamed as “Limit on the number of issues per quasi-sovereign issuer” and has been amended and restated as follow:

“Limit on the number of issues per quasi-~~sovereign~~government issuer

There are no restrictions on the number of issues for sovereign debt.

In order to increase the investability in the Underlying Index, as well as maintain a high degree of issuer diversification, the number of issues for each quasi-sovereign issuer (as identified by the Bloomberg ticker) is limited to ~~reduce the number of bonds in the Underlying Index.~~

~~The number of bonds per issuer is limited to~~ five. If more than five issues qualify for inclusion in the Underlying Index, a liquidity ranking is used to decide which bonds have a higher liquidity. The liquidity ranking is based on three factors: (i) size (amount outstanding); (ii) age (time since issuance); (iii) time to maturity.

A formula has been developed to assess the relative liquidity of a bond vis-à-vis other bonds of the same issuer. Further information may be obtained by visiting www.markit.com.”

- (k) The last paragraph under the section headed “Index re-balancing procedure” has been amended and restated as follow:

~~“The final membership list with final amount outstanding for each bond for the next month is published two trading days before the end of each month. This list contains the constituents for the next month, and is republished with the re-balancing prices. The final membership list with closing prices for the bonds and various bond analytics based on prices of the bonds of the Underlying Index is published on the last trading business day of the month after close of business each month.”~~

- (l) The section headed “Static Data” has been amended and restated as follow:

“Static Data

Information used in the Underlying Index calculation is sourced from offering circulars and checked against standard data providers ~~and is routinely checked against a second independent source.~~"

Please refer to the Supplement for details.

The Manager accepts responsibility for the accuracy of the contents of this document.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

HSBC Investment Funds (Hong Kong) Limited
Manager of ABF Hong Kong Bond Index Fund
26 November 2012

As at the date of this announcement, the board of directors of the Manager is comprised as follows : Mr. BERRY, Stuart Glenn, Mr. CONXICOEUR, Patrice Pierre Henri, Ms KOO, Julie J, Ms LAM, Po Yee, Dr. MALDONADO-CODINA, Guillermo Eduardo, Ms MUNRO, Joanna and Mr. NG, Kai Man Edgar.

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ABF HONG KONG BOND INDEX FUND

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(Stock code: 2819)

Announcement

Publication of Supplement to the Prospectus

HSBC Investment Funds (Hong Kong) Limited, as the Manager of the Trust, would like to inform you that the duties and charges in respect of cash creations on a Cash Dealing Day (if such day is the last Normal Business Day of the month or if such last Normal Business Day is not a Dealing Day, the Dealing Day immediately following the last Normal Business Day of the month (please see the amendments below for details)) will be decreased from 25 bp of the cash payment to 20 bp of the cash payment. The Manager hereby announces that the Prospectus of the Trust will be revised with effect from 29 August 2012 to reflect the changes. A copy of the Supplement to the Prospectus dated 29 August 2012 will be posted on the Trust's web-site on 29 August 2012:

- a) On page 19 of the Prospectus in the table entitled "Creation of Units" under the section entitled "Fees and Expenses", the item "Other Duties & Charges" is amended and restated as follows:

"Other Duties & Charges"²

- a) Nil – for in-kind creation.
- b) For partial in-kind creation – 35 bp of the cash payment in lieu of Deposit Securities.
- c) cash creation –
 - i) 20 bp of the cash payment in respect of cash creations on a Cash Dealing Day if such day is the last Normal Business Day (as defined in the section headed "Creation of Units – Cash Creation") of the month or if such last Normal Business Day is not a Dealing Day, the Dealing Day immediately following the last Normal Business Day of the month.
 - ii) 25 bp of the cash payment in respect of cash creations on a Cash Dealing Day other than the day mentioned in (i) above"

- d) On page 37 of the Prospectus, under the section entitled “Creation and Redemption of Units – Dilution”, in the second paragraph, the whole first sentence is amended and restated as follows:

“The current provision for these duties and charges is (i) 35 bp of the cash payment in lieu of Deposit Securities (for partial in-kind creation); (ii) 20 bp of the cash payment in respect of cash creations on a Cash Dealing Day if such day is the last Normal Business Day (as defined in the section headed "Creation of Units – Cash Creation") of the month or if such last Normal Business Day is not a Dealing Day, the Dealing Day immediately following the last Normal Business Day of the month; and (iii) 25 bp of the cash payment in respect of cash creations on a Cash Dealing Day other than the day mentioned in (ii) above .”

- e) On page 50 of the Prospectus, under the section entitled “Management and Operations – Fees Payable by Investors – Transaction Fees and other duties and charges”, in the third paragraph, the whole second sentence which begins with “The current provision for these duties and charges” is amended and restated as follows:

“The current provision for these duties and charges is (i) 35 bp of the cash payment in lieu of Deposit Securities (for partial in-kind creation); (ii) 20 bp of the cash payment in respect of cash creations on a Cash Dealing Day if such day is the last Normal Business Day (as defined in the section headed "Creation of Units – Cash Creation") of the month or if such last Normal Business Day is not a Dealing Day, the Dealing Day immediately following the last Normal Business Day of the month; and (iii) 25 bp of the cash payment in respect of cash creations on a Cash Dealing Day other than the day mentioned in (ii) above .”

The Manager accepts responsibility for the accuracy of the contents of this document.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen’s Road Central, Hong Kong (telephone number: (852) 2284 1229).

HSBC Investment Funds (Hong Kong) Limited
Manager of ABF Hong Kong Bond Index Fund
29 August 2012

As at the date of this announcement, the board of directors of the Manager is comprised as follows : Mr. BERRY, Stuart Glenn, Mr. CONXICOEUR, Patrice Pierre Henri, Ms KOO, Julie J, Ms LAM, Po Yee, Dr. MALDONADO-CODINA, Guillermo Eduardo, Ms MUNRO, Joanna and Mr. NG, Kai Man Edgar.

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Announcement

Appointment of Director

HSBC Investment Funds (Hong Kong) Limited, as the Manager of the Trust, hereby announces that with effect from 5 June 2012, MALDONADO-CODINA, Guillermo Eduardo will be appointed as Director of the Manager.

The Prospectus of the Trust will be revised with effect from 5 June 2012. A copy of the Supplement to the Prospectus dated 5 June 2012 will be posted on the Trust's website on 5 June 2012.

The Manager accepts responsibility for the accuracy of the contents of this document.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1118).

HSBC Investment Funds (Hong Kong) Limited
Manager of ABF Hong Kong Bond Index Fund
5 June 2012

As at the date of this announcement, the board of directors of the Manager is comprised as follows : Mr. BERRY, Stuart Glenn, Mr. CONXICOEUR, Patrice Pierre Henri, Ms KOO, Julie J, Ms LAM, Po Yee, Dr. MALDONADO-CODINA, Guillermo Eduardo, Ms MUNRO, Joanna and Mr. NG, Kai Man Edgar.